

104TH CONGRESS  
1ST SESSION

# H. R. 1161

To amend the Internal Revenue Code of 1986 to provide an exclusion from unrelated business taxable income for certain sponsorship payments.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 1995

Mr. CAMP (for himself and Mr. McDERMOTT) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide an exclusion from unrelated business taxable income for certain sponsorship payments.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. EXCLUSION FROM UNRELATED BUSINESS TAX-**  
4                       **ABLE INCOME FOR CERTAIN SPONSORSHIP**  
5                       **PAYMENTS.**

6       (a) IN GENERAL.—Section 513 of the Internal Reve-  
7       nue Code of 1986 (relating to unrelated business taxable  
8       income) is amended by adding at the end thereof the  
9       following new subsection:

1       “(i) TREATMENT OF CERTAIN SPONSORSHIP PAY-  
2 MENTS.—

3           “(1) IN GENERAL.—The term ‘unrelated trade  
4 or business’ does not include the activity of soliciting  
5 and receiving qualified sponsorship payments with  
6 respect to any qualified public event.

7           “(2) QUALIFIED SPONSORSHIP PAYMENTS.—  
8 For purposes of this subsection, the term ‘qualified  
9 sponsorship payment’ means any payment by any  
10 person engaged in a trade or business with respect  
11 to which there is no arrangement or expectation that  
12 such person will receive any substantial return bene-  
13 fit other than—

14           “(A) the use of the name or logo of such  
15 person’s trade or business in connection with  
16 any qualified public event under arrangements  
17 (including advertising) in connection with such  
18 event which acknowledge such person’s sponsor-  
19 ship or promote such person’s products or serv-  
20 ices, or

21           “(B) the furnishing of facilities, services,  
22 or other privileges in connection with such event  
23 to individuals designated by such person.

24           “(3) QUALIFIED PUBLIC EVENT.—

1           “(A) IN GENERAL.—For purposes of this  
2 subsection, the term ‘qualified public event’  
3 means any event conducted by an organization  
4 described in paragraph (3), (4), (5), or (6) of  
5 section 501(c) or by an organization described  
6 in section 511(a)(2)(B) if such event is—

7           “(i) a public event the conduct of  
8 which is substantially related (aside from  
9 the need of the organization for income or  
10 funds or the use it makes of the profits de-  
11 rived) to the exempt purposes of the orga-  
12 nization conducting such event, or

13           “(ii) any public event not described in  
14 clause (i) but only if such event is the only  
15 event of that type conducted by such orga-  
16 nization during a calendar year and such  
17 event does not exceed 30 consecutive days.

18 An event shall be treated as a qualified public  
19 event with respect to all organizations referred  
20 to in the preceding sentence which receive spon-  
21 sorship payments with respect to such event if  
22 such event is a qualified public event with re-  
23 spect to 1 of such organizations; except that a  
24 payment shall be treated as not being from an  
25 unrelated trade or business by reason of this

1 sentence only to the extent that such payment  
2 is used to meet the expenses of such event or  
3 for the benefit of the organization with respect  
4 to which such event is a qualified public event  
5 (determined without regard to this sentence).

6 “(B) EXEMPT PURPOSE.—For purposes of  
7 subparagraph (A), the term ‘exempt purpose’  
8 means any purpose or function constituting the  
9 basis for the organization’s exemption under  
10 section 501 (or, in the case of an organization  
11 described in section 511(a)(2)(B), the exercise  
12 or performance of any purpose or function de-  
13 scribed in section 501(c)(3)).

14 “(4) REGULATIONS.—The Secretary shall pre-  
15 scribe such regulations as may be necessary to pre-  
16 vent the avoidance of the purposes of this subsection  
17 through the use of entities under common control.”

18 (b) EFFECTIVE DATE.—The amendment made by  
19 subsection (a) shall apply to events conducted after  
20 December 31, 1994.

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